



First Meeting
2013 Interim
March 25, 2013

LCR 1 & 2
State Capitol Building
Pierre, South Dakota

Monday, March 25, 2013

The first meeting of the Interim Committee on Appropriations for 2013 was called to order by the lead Co-Chair, **Representative Fred Romkema**, at 1:00 p.m. (CDT) in Legislative Conference Rooms 1 & 2 of the State Capitol, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Representative Fred Romkema, Co-Chair; Senator Deb Peters, Co-Chair; Representatives Jim Bolin, Lance Carson, Dan Dryden, Don Haggard, Spencer Hawley, Mark Mickelson, Dick Werner, and Susan Wismer (via telephone); and Senators Phyllis Heineman, Tom Jones, Al Novstrup, Billie Sutton, Larry Tidemann, Bill Van Gerpen, and Jim White. Excused was Senator Stan Adelstein.

Staff members present included Fred Schoenfeld, Chief Fiscal Analyst; Annie Mehlhaff, Principal Fiscal Analyst; Sue Cichos, Principal Fiscal Analyst; Aaron Olson, Senior Fiscal Analyst; Denice Houlette, Senior Fiscal Analyst; and Cindy Tryon, Legislative Secretary.

(NOTE: For purpose of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents distributed at the meeting are attached to the original minutes on file in the Legislative Research Council (LRC). This meeting was web cast live. The archived web cast is available at the LRC web site at <http://legis.state.sd.us> under "Interim Information – Current Interim – Minutes and Agendas.")

Letters of Intent

Letter of Intent A

2013 Legislative Session

Legislative Act: HB1137

Draft Date: 3/20/2013

Department/Agency: Department of Education

Requesting Legislators: Senator Peters and Representative Carson

One-time Funding for Technical Institutes and K-12 Education

The 2013 South Dakota Legislature passed an emergency special appropriation of one-time funding for \$200,000 for the postsecondary technical institutes and \$5,829,318 of one-time funding for school districts through HB 1137.

It is the intent of the Interim Joint Committee on Appropriations that the \$200,000 of one-time money for the postsecondary technical institutes be distributed in FY2013 in the same manner

in which the formula funds were distributed to the institutes for FY2013. Therefore, the Committee directs the Secretary of the Department of Education to distribute the funds based upon the funding formula per administrative rule 24:10:42:28 in effect for FY2013 to the postsecondary technical institutes.

It is the intent of the Interim Joint Committee on Appropriations that the \$5,829,318 of one-time money for the school districts assist each school district proportionally, therefore the Committee directs the Secretary of the Department of Education to distribute the funds on a fall enrollment basis using the actual 2012 fall enrollment figures.

Senator Peters presented this letter to the committee.

SENATOR TIDEMANN MOVED, SECONDED BY REPRESENTATIVE CARSON, TO ADOPT THE LETTER OF INTENT FOR ONE-TIME FUNDING FOR TECHNICAL INSTITUTES AND K-12 EDUCATION. The motion prevailed on a voice vote.

Letter of Intent B

2013 Legislative Session

Legislative Act: HB1185

Draft Date: 3/20/2013

Department/Agency: Department of Education

Requesting Legislators: Senator Peters and Representative Carson

Postsecondary Vocational Education

The 2013 South Dakota Legislature passed HB1185 which included an amendment (1185mak) to provide \$500,000 of one-time funding to the postsecondary technical institutes.

It is the intent of the Interim Joint Committee on Appropriations that the \$500,000 of one-time funding for the postsecondary technical institutes be distributed in FY2014 in the same manner in which the formula funds will be distributed to the institutes for FY2014. Therefore, the Committee directs the Secretary of the Department of Education to distribute the funds based on the funding formula per administrative rule 24:10:42:28 in effect for FY2014 to the postsecondary technical institutes.

Senator Peters presented this letter to the committee.

SENATOR PETERS MOVED, SECONDED BY REPRESENTATIVE DRYDEN, TO ADOPT THE LETTER OF INTENT FOR POSTSECONDARY VOCATIONAL EDUCATION. The motion prevailed on a voice vote.

Letter of Intent C

2013 Legislative Session

Legislative Act: SB197 – 2012 Legislative Session

Draft Date: 3/21/2013

Department/Agency: Office of School and Public Lands

Requesting Legislator: Senator Novstrup

State Owned Dam Maintenance and Repair

The South Dakota Legislature approved an increase of \$500,000 in general funds for the Office of School and Public Lands in the FY13 General Appropriations Act. The appropriation for dam maintenance and repair is available for two years -- FY13 and FY14.

*It was the intent of the 2012 Interim Joint Committee on Appropriations that the funding **not** be used for studies or assessments, but instead only for actual repair work.*

The Interim Joint Committee on Appropriations further clarifies that a monitoring system for Richmond Dam lies within the scope of the original legislative intent for the expenditure of the funds as it is a necessary step to ensure downstream safety while determining what future repairs will be needed.

Senator Novstrup presented this letter to the committee.

SENATOR NOVSTRUP MOVED, SECONDED BY SENATOR PETERS, TO ADOPT THE LETTER OF INTENT FOR STATE OWNED DAM MAINTENANCE AND REPAIR. The motion prevailed on a voice vote.

Letter of Intent D

2013 Legislative Session

Legislative Act: HB1185

Draft Date: 3/21/2013

Department/Agency: Office of the Attorney General, Unified Judicial System, and Department of Corrections

Requesting Legislator: Senator Peters

Law Enforcement Officers Training Fund (LEOTF)

The 2013 South Dakota Legislature passed HB1185 which included authorization to spend funds collected in the LEOTF. The bill authorizes three agencies -- the Office of the Attorney General, the Unified Judicial System, and the Department of Corrections -- to spend from this fund. During the 2013 Legislative Session, all three agencies reported that the fund had a negative cash balance.

It is the intent of the Interim Joint Committee on Appropriations that the Office of the Attorney General, the Unified Judicial System, and the Department of Corrections cooperatively develop a solution to the over-expenditure of this fund. Furthermore, if the Governor's FY15 recommended budget does not fully address the deficit and provide a fiscally sound plan for the future, the three agencies shall collectively offer alternative plans for JCA consideration at the Interim Appropriations Committee meeting in December 2013. At least one alternative must be void of any increases to fees or fines.

Senator Peters presented this letter to the committee.

SENATOR TIDEMANN MOVED, SECONDED BY REPRESENTATIVE CARSON, TO ADOPT THE LETTER OF INTENT FOR LAW ENFORCEMENT OFFICERS TRAINING FUND. The motion prevailed on a voice vote.

Letter of Intent E

2013 Legislative Session

Legislative Act: SB90

Draft Date: 3/21/2013

Department/Agency: Board of Regents – Agricultural Experiment Station

Requesting Legislator: Senator Tidemann

Nonrecurring Agricultural Experiment Station Research Pool

The 2013 South Dakota Legislature approved a \$500,000 supplemental one-time appropriation to the FY13 budget for the South Dakota State University – Agricultural Experiment Station.

The world's population is expected to grow from today's 6 billion to about 8 billion by 2030. Feeding these people and eliminating hunger will require increased food supplies through genetic and technological advancements, without damage to the environment. The Interim Joint Committee on Appropriations recognizes that South Dakota will be in a prime position to assist in this effort.

It is the intent of the Interim Joint Committee on Appropriations that \$150,000 of the total research pool be distributed to field research stations performing research on no-till farming systems. The remaining \$350,000 shall be distributed to field research stations for the purpose of identifying, researching, and demonstrating methods of strengthening and stabilizing the agriculture economy.

Senator Tidemann presented this letter to the committee.

SENATOR PETERS MOVED, SECONDED BY SENATOR TIDEMANN, TO ADOPT THE LETTER OF INTENT FOR NONRECURRING AGRICULTURAL EXPERIMENT STATION RESEARCH POOL.

It was explained to the committee that this letter of intent resulted from a discussion with the Republican Leadership toward the end of session. Representative Cronin said that they had requested that \$150,000 of the \$500,000 appropriation be used specifically for upgrading machinery at the no-till farming research station. That discussion was the basis for this letter of intent.

Senator Novstrup said that this letter of intent means the committee is micromanaging this appropriation. Senator Novstrup added that those responsible for the experiment stations will know best how to use these dollars.

SUBSTITUTE MOTION: REPRESENTATIVE HAWLEY MOVED, SECONDED BY REPRESENTATIVE WERNER, TO TABLE THE ADOPTION OF PROPOSED LETTER OF INTENT E. The substitute motion failed 9-7-2. Those voting aye on the tabling motion: Representatives Carson, Hagggar, Hawley, Werner, Wismer, and Senators Heineman, Jones, Novstrup, Sutton. Those voting nay on the tabling motion: Representatives Bolin, Dryden,

Romkema, and Senators Peters, Tidemann, Van Gerpen, White. Excused were Representative Mickelson and Senator Adelstein.

The failure to pass the substitute motion to table Letter of Intent E returned the committee to consider the previous motion.

SENATOR PETERS MOVED, SECONDED BY SENATOR TIDEMANN, TO ADOPT THE LETTER OF INTENT FOR NONRECURRING AGRICULTURAL EXPERIMENT STATION RESEARCH POOL. The motion failed 8-7-3. Those voting aye on the motion to adopt: Representatives Bolin, Dryden, Romkema, and Senators Peters, Sutton, Tidemann, Van Gerpen, White. Those voting nay on the motion to adopt: Representatives Carson, Haggard, Hawley, Werner, and Senators Heineman, Jones, Novstrup. Excused were Representatives Mickelson and Wismer and Senator Adelstein.

Letter of Intent F(1)

2013 Legislative Session

Legislative Act: HB1185

Draft Date: 3/22/2013

Department/Agency: Department of Education

Requesting Legislators: Representative Mickelson and Senator Peters

Nonrecurring Technology Infrastructure Upgrade Funding

The 2013 South Dakota Legislature approved a \$500,000 one-time appropriation to the Department of Education to provide K-12 technology upgrades to local school districts for the 2014 school year.

It is the intent of the Interim Joint Committee on Appropriations that the funds be distributed based on guidelines and criteria established by the Department of Education, and shall include the following:

- 1) Any funds not awarded and expended by June 30, 2014 will revert to the general fund.*
- 2) No more than a total of \$20,000 will be granted to any one school district.*
- 3) Grants are to be awarded based on the financial need of the school district and their dependency on technology in offering a diversified curriculum. Criteria may include the district's reserve accounts as well as a scoring matrix developed by the Department of Education as part of the grant approval process.*
- 4) School districts will develop a technology budget and be expected to match the grant funds up to 30% of the project total.*
- 5) Grant applications are to be received no later than June 15, 2013 and will be evaluated by the Department and the Bureau of Information and Telecommunications. If funds remain after the initial round of grant awards, the Department of Education may establish subsequent funding rounds.*

- 6) *To reduce individual grant costs the Department is encouraged, where appropriate, to aggregate purchases across districts, leverage economies of scale for discounts and seek competitive pricing for the combined purchases.*
- 7) *The Department shall provide the following information for each grant award: 1) School District Name; 2) Grant Award Amount; 3) Date of Grant Award; 4) Amount Distributed To-Date; 5) District's Proposed Use of Funds; and 6) Amount of Matching Funds Provided By The District. The information shall be provided to the committee on December 15, 2013. If any funding remains after December 15, 2013, the Department shall provide an updated report during the 2014 Legislative Session. The Department shall advise the 2014 Joint Committee on Appropriations in the event it deems it appropriate to encumber the funds for expenditure in FY15.*

Representative Mickelson presented this letter to the committee.

Representative Wismer asked about the 30% match found in section 4 of the letter. Representative Mickelson explained that the match will not exceed 30% and the Department of Education will determine the exact amount of the match at the time the funds are disbursed.

REPRESENTATIVE MICKELSON MOVED, SECONDED BY SENATOR PETERS, TO ADOPT THE LETTER OF INTENT FOR NONRECURRING TECHNOLOGY INFRASTRUCTURE UPGRADE FUNDING. The motion prevailed on a voice vote.

Letter of Intent G(1)

2013 Legislative Session

Legislative Act: HB1185

Draft Date: 3/22/2013

Department/Agency: Dept. of Veterans Affairs – County Veterans Service Officer's salaries

Requesting Legislators: Senator Van Gerpen and Representative Carson

Providing Services to Veterans

The 2013 Legislature approved an ongoing appropriation of \$146,875 to fund the salary reimbursement for County Veterans Service Officer's (CVSO) and Tribal Veteran Service Officer's (TVSO) in accordance with SDCL 33A-1-31 and SDCL 33A-1-32.

The Interim Joint Committee on Appropriations directs the Department of Veterans Affairs to review SDCL 33A-1-16 through 34 and associated administrative rules article 50:03 to evaluate the delivery of services to South Dakota veterans through the CVSO's and TVSO's and to identify any improvements or modifications that may be needed. The Secretary of the Department of Veterans Affairs shall select six individuals to serve on the work group to assist in the review of services to the state's veterans. One individual from each of the following shall be selected:

Department of the Military

SD Veterans Council

County Veterans Service Officer

Tribal Veterans Service Officer

SD Veterans Commission

SD County Commissioners Association

The Secretary of Veterans Affairs will act as Chairperson. A written report will be provided to the Interim Joint Committee on Appropriations by 1 October, 2013.

Senator Van Gerpen presented this letter to the committee.

REPRESENTATIVE CARSON MOVED, SECONDED BY SENATOR VAN GERPEN, TO ADOPT THE LETTER OF INTENT FOR DEPARTMENT OF VETERANS AFFAIRS – COUNTY VETERANS SERVICE OFFICERS’ SALARIES. The motion prevailed on a voice vote.

Letter of Intent H

2013 Legislative Session

Legislative Act: HB1049

Draft Date: 3/21/2013

Department/Agency: Department of Agriculture

Requesting Legislator: Senator Tidemann

Value Added Agriculture Subfund

The 2013 South Dakota Legislature passed HB 1049 which is an Act to transfer the value added agriculture subfund from the Governor's Office of Economic Development to the Department of Agriculture. The committee encourages the Department of Agriculture and the Value Added Finance Authority to use a portion of the available resources within the value added agriculture subfund to contract with the Value Added Agriculture Development Center to help establish or expand agribusiness in South Dakota.

Senator Tidemann presented this letter to the committee.

SENATOR PETERS MOVED, SECONDED BY REPRESENTATIVE CARSON, TO ADOPT THE LETTER OF INTENT FOR THE VALUE ADDED AGRICULTURE SUBFUND.

The committee members had several questions as to whether or not money that would otherwise be used for grants or loans for agricultural development would be used to finance the directive in this letter of intent. After much discussion, Representative Mickelson made a substitute motion.

REPRESENTATIVE MICKELSON MOVED, SECONDED BY SENATOR HEINEMAN, TO DEFER ACTION ON LETTER OF INTENT H UNTIL THE NEXT MEETING OF THE JOINT COMMITTEE ON APPROPRIATIONS. The motion prevailed on a voice vote.

Senator Peters distributed an e-mail message and chart pertaining to Senate Bill 90 (*Document #1*). Based on that information, Senator Peters requested the staff draft a Letter of Intent.

Nonrecurring Provider Allocation

The 2013 South Dakota Legislature approved a one-time, nonrecurring increase to Providers in SB90 which amended the FY13 General Appropriations Act.

The committee approved a letter of intent establishing the following criteria for the payments:

- Establish a minimum threshold of \$100.*
- Clarify that only in state facilities qualify for the payment.*

SENATOR PETERS MOVED, SECONDED BY SENATOR WHITE, TO DIRECT THE STAFF TO WRITE A LETTER OF INTENT FOR NONRECURRING PROVIDER ALLOCATION. The motion prevailed on a voice vote.

East River Tour

The committee discussed several possible dates for the East River Tour and June meeting. They agreed that the dates would be June 24 through 26, 2013, with the meeting being held either Monday or Tuesday.

Session Wrap Materials

Mr. Fred Schoenfeld, Chief Analyst for Fiscal Research, presented session wrap up materials to the members of the committee. These materials included The Summary of FY14 Budget for the State of South Dakota (*Document #2*) and the Sources and Uses Scorecard (*Document #3*).

Senator Heineman expressed her appreciation to the staff for preparing and distributing these materials. The Senator said that she finds the information very helpful.

Adjourn

SENATOR PETERS MOVED, SECONDED BY REPRESENTATIVE BOLIN, TO ADJOURN. The motion prevailed unanimously on a voice vote.

The committee adjourned at 2:00 p.m.



All Legislative Research Council committee minutes and agendas are available at the South Dakota Legislature's Homepage: <http://legis.state.sd.us>. Subscribe to receive electronic notification of meeting schedules and the availability of agendas and minutes at MyLRC (<http://legis.state.sd.us/mylrc/index.aspx>).